Ratings for SSI Units

2265. SHRI R. KAMARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India had urged the banks to honour the ratings being assigned to Small Scale Industrial Units while disburing credit;

(b) if so, the details thereof; and

(c) whether it is also a fact that the ratings will infuse a sense of financial and operation discipline in the SSIs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) As a good rating would enhance access of SSI units to quicker and cheaper credit, the rating exercise would infuse a sense of financial and operational discipline.

Excise Duty on candle manufacturing units

2266. SHRI S.P.M. SYED KHAN: Will the Ministry of FINANCE be pleased to state:

(a) whether it is fact that Government are levying 16 per cent excise duty on candle manufacturing units ignoring the welfare of hundreds of poor engaged in this industry and the fact that candles are consumed mostly by slum dwellers and for religious activities;

(b) if so, the details thereof;

(c) whether Government are considering to exempt candles from excise duty, at present;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Candles attract excise duty @ 16%. However, excise duty exemption for Small Scale Industries (SSI) is available to candles.

(c) There is no proposal under consideration of the Government to exempt candles from excise duty.

(d) and (e) Excise duty exemption for Small Scale Industries is available on candles, and tiny and small units can avail of full exemption from excise duty up to a clearance value of Rs.1 crore, provided the aggregate value of clearances of such units during the previous financial year was less than Rs.4 crore. As a result only comparatively large candle manufacturers, having turnover in excess of Rs. 4 Crore, are required to pay duty on all of their clearances. Further, full exemption from excise duty on candles will take away the tax advantage which small/tiny units presently enjoy *vis-a-vis* larger units. Such an exemption for candles will also be against the general policy of broadening the tax base.

Merger of DA with basic pay

2267. SHRI R. KAMARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether Government had merged the 50 per cent DA with basic pay *w.e.f.* 1st April, 2004;

(b) if so, the details thereof;

(c) whether the proposed move would also be implemented in Public Sector Undertakings; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM): (a) Yes, Sir.

(b) DA equal to 50% of the existing basic pay has been merged with basic pay *w.e.f.* 1.4.2004 in respect of Central Government employees and shown distinctly as Dearness pay which is counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution of GPF, Licence Fee, monthly contribution for CGHS, various advances etc.

(c) and (d) Portion of DA equal to 50% of the existing basic pay have also been similarly merged with basic pay of the employees of Central Public Sector Enterprises (CPSEs) following Central Dearness Allowance (CDA) pattern of pay. This has been allowed to employees of those CPSEs that are not loss making and are in a position to absorb the additional expenditure from their own resources without any budgetary support from the Government.